
SENATE BILL No. 237

DIGEST OF INTRODUCED BILL

Citations Affected: IC 5-28-27-3; IC 6-3-1-3.5; IC 6-3.1-31; IC 22-4-14-2; IC 22-4.1-17.

Synopsis: Employee training tax credits and programs. Provides a tax credit for employee training expenses incurred by an employer under a program certified by the department of workforce development. Requires the amount of any federal tax deduction allowed for employee training expenses to be added back to a taxpayer's adjusted gross income if the training expenses credit is claimed. Establishes the workforce skill advancement project. Requires individuals who apply for unemployment insurance to participate in the project.

Effective: July 1, 2007; January 1, 2008.

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January 8, 2007, read first time and referred to Committee on Tax and Fiscal Policy.

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Introduced

First Regular Session 115th General Assembly (2007)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2006 Regular Session of the General Assembly.

SENATE BILL No. 237

A BILL FOR AN ACT to amend the Indiana Code concerning taxation.

Be it enacted by the General Assembly of the State of Indiana:

1 SECTION 1. IC 5-28-27-3, AS ADDED BY P.L.202-2005,
2 SECTION 1, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
3 JULY 1, 2007]: Sec. 3. (a) The skills 2016 training fund is established
4 to do the following:

5 (1) Administer the costs of the skills 2016 training program
6 established under IC 22-4-10.5.

7 (2) Undertake any program or activity that furthers the purposes
8 of IC 22-4-10.5.

9 (3) Refund skills 2016 training assessments erroneously collected
10 and deposited in the fund.

11 (b) **Except as provided in IC 22-4.1-17**, the money in the fund
12 shall be allocated as follows:

13 (1) An amount to be determined annually shall be set aside for the
14 payment of refunds from the fund.

15 (2) The remainder of the money in the fund shall be allocated to
16 employers or consortiums for incumbent worker training grants
17 that enable workers to obtain recognizable credentials or

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1 certifications and transferable employment skills that improve
2 employer competitiveness.

3 (c) Special consideration shall be given to the state educational
4 institution established under IC 20-12-61 to be the provider of the
5 training funded under this chapter whenever the state educational
6 institution:

7 (1) meets the identified training needs of an employer or a
8 consortium with an existing credentialing or certification
9 program; and

10 (2) is the most cost effective provider.

11 (d) For the incumbent worker training grants described in
12 subsection (b), the department of workforce development shall do the
13 following:

14 (1) Provide grant applications to interested employers and
15 consortiums.

16 (2) Accept completed applications for the grants.

17 (3) Obtain all information necessary or appropriate to determine
18 whether an applicant qualifies for a grant, including information
19 concerning:

20 (A) the applicant;

21 (B) the training to be offered;

22 (C) the training provider; and

23 (D) the workers to be trained.

24 (4) Prepare summaries or other reports to assist the secretary of
25 commerce in reviewing the grant applications.

26 (e) The department of workforce development shall forward the
27 grant applications and other information collected or received by the
28 department under subsection (d) to the secretary of commerce who
29 shall allocate the money in the fund in accordance with subsections (b)
30 and (c), after considering the information provided by the department
31 of workforce development.

32 (f) The corporation shall enter into an agreement with the
33 department of workforce development for the department of workforce
34 development to administer the fund using money appropriated from the
35 fund.

36 (g) The treasurer of state shall invest the money in the fund not
37 currently needed to meet the obligations of the fund in the same
38 manner as other public money may be invested.

39 (h) Money in the fund at the end of a state fiscal year does not revert
40 to the state general fund.

41 (i) The fund consists of the following:

42 (1) Assessments deposited in the fund.

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(2) Earnings acquired through the use of money belonging to the fund.

(3) Money deposited in the fund from any other source.

(4) Interest and penalties collected.

(j) Any balance in the fund does not lapse but is available continuously to the corporation for expenditures for the program established under IC 22-4-10.5 consistent with this chapter, after considering any information concerning an expenditure provided by the department of workforce development.

SECTION 2. IC 6-3-1-3.5, AS AMENDED BY P.L.184-2006, SECTION 3, AND AS AMENDED BY P.L.162-2006, SECTION 24, IS CORRECTED AND AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 2008]: Sec. 3.5. When used in this article, the term "adjusted gross income" shall mean the following:

(a) In the case of all individuals, "adjusted gross income" (as defined in Section 62 of the Internal Revenue Code), modified as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 62 of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state of the United States.

(3) Subtract one thousand dollars (\$1,000), or in the case of a joint return filed by a husband and wife, subtract for each spouse one thousand dollars (\$1,000).

(4) Subtract one thousand dollars (\$1,000) for:

(A) each of the exemptions provided by Section 151(c) of the Internal Revenue Code;

(B) each additional amount allowable under Section 63(f) of the Internal Revenue Code; and

(C) the spouse of the taxpayer if a separate return is made by the taxpayer and if the spouse, for the calendar year in which the taxable year of the taxpayer begins, has no gross income and is not the dependent of another taxpayer.

(5) Subtract:

(A) *for taxable years beginning after December 31, 2004*, one thousand five hundred dollars (\$1,500) for each of the exemptions allowed under Section 151(c)(1)(B) of the Internal Revenue Code *for taxable years beginning after December 31, 1996 (as effective January 1, 2004)*; and

(B) five hundred dollars (\$500) for each additional amount

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allowable under Section 63(f)(1) of the Internal Revenue Code if the adjusted gross income of the taxpayer, or the taxpayer and the taxpayer's spouse in the case of a joint return, is less than forty thousand dollars (\$40,000).

This amount is in addition to the amount subtracted under subdivision (4).

(6) Subtract an amount equal to the lesser of:

(A) that part of the individual's adjusted gross income (as defined in Section 62 of the Internal Revenue Code) for that taxable year that is subject to a tax that is imposed by a political subdivision of another state and that is imposed on or measured by income; or

(B) two thousand dollars (\$2,000).

(7) Add an amount equal to the total capital gain portion of a lump sum distribution (as defined in Section 402(e)(4)(D) of the Internal Revenue Code) if the lump sum distribution is received by the individual during the taxable year and if the capital gain portion of the distribution is taxed in the manner provided in Section 402 of the Internal Revenue Code.

(8) Subtract any amounts included in federal adjusted gross income under Section 111 of the Internal Revenue Code as a recovery of items previously deducted as an itemized deduction from adjusted gross income.

(9) Subtract any amounts included in federal adjusted gross income under the Internal Revenue Code which amounts were received by the individual as supplemental railroad retirement annuities under 45 U.S.C. 231 and which are not deductible under subdivision (1).

(10) Add an amount equal to the deduction allowed under Section 221 of the Internal Revenue Code for married couples filing joint returns if the taxable year began before January 1, 1987.

(11) Add an amount equal to the interest excluded from federal gross income by the individual for the taxable year under Section 128 of the Internal Revenue Code if the taxable year began before January 1, 1985.

(12) Subtract an amount equal to the amount of federal Social Security and Railroad Retirement benefits included in a taxpayer's federal gross income by Section 86 of the Internal Revenue Code.

(13) In the case of a nonresident taxpayer or a resident taxpayer residing in Indiana for a period of less than the taxpayer's entire taxable year, the total amount of the deductions allowed pursuant to subdivisions (3), (4), (5), and (6) shall be reduced to an amount

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1 which bears the same ratio to the total as the taxpayer's income
2 taxable in Indiana bears to the taxpayer's total income.

3 (14) In the case of an individual who is a recipient of assistance
4 under IC 12-10-6-1, IC 12-10-6-2.1, IC 12-15-2-2, or IC 12-15-7,
5 subtract an amount equal to that portion of the individual's
6 adjusted gross income with respect to which the individual is not
7 allowed under federal law to retain an amount to pay state and
8 local income taxes.

9 (15) In the case of an eligible individual, subtract the amount of
10 a Holocaust victim's settlement payment included in the
11 individual's federal adjusted gross income.

12 (16) For taxable years beginning after December 31, 1999,
13 subtract an amount equal to the portion of any premiums paid
14 during the taxable year by the taxpayer for a qualified long term
15 care policy (as defined in IC 12-15-39.6-5) for the taxpayer or the
16 taxpayer's spouse, or both.

17 (17) Subtract an amount equal to the lesser of:

18 (A) for a taxable year:

19 (i) including any part of 2004, the amount determined under
20 subsection (f); and

21 (ii) beginning after December 31, 2004, two thousand five
22 hundred dollars (\$2,500); or

23 (B) the amount of property taxes that are paid during the
24 taxable year in Indiana by the individual on the individual's
25 principal place of residence.

26 (18) Subtract an amount equal to the amount of a September 11
27 terrorist attack settlement payment included in the individual's
28 federal adjusted gross income.

29 (19) Add or subtract the amount necessary to make the adjusted
30 gross income of any taxpayer that owns property for which bonus
31 depreciation was allowed in the current taxable year or in an
32 earlier taxable year equal to the amount of adjusted gross income
33 that would have been computed had an election not been made
34 under Section 168(k) of the Internal Revenue Code to apply bonus
35 depreciation to the property in the year that it was placed in
36 service.

37 (20) Add an amount equal to any deduction allowed under
38 Section 172 of the Internal Revenue Code.

39 (21) Add or subtract the amount necessary to make the adjusted
40 gross income of any taxpayer that placed Section 179 property (as
41 defined in Section 179 of the Internal Revenue Code) in service
42 in the current taxable year or in an earlier taxable year equal to

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the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding twenty-five thousand dollars (\$25,000).

(22) Add an amount equal to the amount that a taxpayer claimed as a deduction for domestic production activities for the taxable year under Section 199 of the Internal Revenue Code for federal income tax purposes.

(23) Add an amount equal to any deduction allowed under the Internal Revenue Code for employee training expenses if the individual claims a credit under IC 6-3.1-31 for the taxable year.

(b) In the case of corporations, the same as "taxable income" (as defined in Section 63 of the Internal Revenue Code) adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 170 of the Internal Revenue Code.

(3) Add an amount equal to any deduction or deductions allowed or allowable pursuant to Section 63 of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state of the United States.

(4) Subtract an amount equal to the amount included in the corporation's taxable income under Section 78 of the Internal Revenue Code.

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(6) Add an amount equal to any deduction allowed under Section 172 of the Internal Revenue Code.

(7) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service

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in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding twenty-five thousand dollars (\$25,000).

(8) Add an amount equal to the amount that a taxpayer claimed as a deduction for domestic production activities for the taxable year under Section 199 of the Internal Revenue Code for federal income tax purposes.

(9) Add to the extent required by IC 6-3-2-20 the amount of intangible expenses (as defined in IC 6-3-2-20) and any directly related intangible interest expenses (as defined in IC 6-3-2-20) for the taxable year that reduced the corporation's taxable income (as defined in Section 63 of the Internal Revenue Code) for federal income tax purposes.

(10) Add an amount equal to any deduction allowed under the Internal Revenue Code for employee training expenses if the corporation claims a credit under IC 6-3.1-31 for the taxable year.

(c) In the case of life insurance companies (as defined in Section 816(a) of the Internal Revenue Code) that are organized under Indiana law, the same as "life insurance company taxable income" (as defined in Section 801 of the Internal Revenue Code), adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction allowed or allowable under Section 170 of the Internal Revenue Code.

(3) Add an amount equal to a deduction allowed or allowable under Section 805 or Section 831(c) of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state.

(4) Subtract an amount equal to the amount included in the company's taxable income under Section 78 of the Internal Revenue Code.

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus

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depreciation to the property in the year that it was placed in service.

(6) Add an amount equal to any deduction allowed under Section 172 or Section 810 of the Internal Revenue Code.

(7) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding twenty-five thousand dollars (\$25,000).

(8) Add an amount equal to the amount that a taxpayer claimed as a deduction for domestic production activities for the taxable year under Section 199 of the Internal Revenue Code for federal income tax purposes.

(d) In the case of insurance companies subject to tax under Section 831 of the Internal Revenue Code and organized under Indiana law, the same as "taxable income" (as defined in Section 832 of the Internal Revenue Code), adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Add an amount equal to any deduction allowed or allowable under Section 170 of the Internal Revenue Code.

(3) Add an amount equal to a deduction allowed or allowable under Section 805 or Section 831(c) of the Internal Revenue Code for taxes based on or measured by income and levied at the state level by any state.

(4) Subtract an amount equal to the amount included in the company's taxable income under Section 78 of the Internal Revenue Code.

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(6) Add an amount equal to any deduction allowed under Section

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172 of the Internal Revenue Code.

(7) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in service to take deductions under Section 179 of the Internal Revenue Code in a total amount exceeding twenty-five thousand dollars (\$25,000).

(8) Add an amount equal to the amount that a taxpayer claimed as a deduction for domestic production activities for the taxable year under Section 199 of the Internal Revenue Code for federal income tax purposes.

(e) In the case of trusts and estates, "taxable income" (as defined for trusts and estates in Section 641(b) of the Internal Revenue Code) adjusted as follows:

(1) Subtract income that is exempt from taxation under this article by the Constitution and statutes of the United States.

(2) Subtract an amount equal to the amount of a September 11 terrorist attack settlement payment included in the federal adjusted gross income of the estate of a victim of the September 11 terrorist attack or a trust to the extent the trust benefits a victim of the September 11 terrorist attack.

(3) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that owns property for which bonus depreciation was allowed in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election not been made under Section 168(k) of the Internal Revenue Code to apply bonus depreciation to the property in the year that it was placed in service.

(4) Add an amount equal to any deduction allowed under Section 172 of the Internal Revenue Code.

(5) Add or subtract the amount necessary to make the adjusted gross income of any taxpayer that placed Section 179 property (as defined in Section 179 of the Internal Revenue Code) in service in the current taxable year or in an earlier taxable year equal to the amount of adjusted gross income that would have been computed had an election for federal income tax purposes not been made for the year in which the property was placed in

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1 service to take deductions under Section 179 of the Internal
 2 Revenue Code in a total amount exceeding twenty-five thousand
 3 dollars (\$25,000).

4 (6) Add an amount equal to the amount that a taxpayer claimed as
 5 a deduction for domestic production activities for the taxable year
 6 under Section 199 of the Internal Revenue Code for federal
 7 income tax purposes.

8 (f) This subsection applies only to the extent that an individual paid
 9 property taxes in 2004 that were imposed for the March 1, 2002,
 10 assessment date or the January 15, 2003, assessment date. The
 11 maximum amount of the deduction under subsection (a)(17) is equal
 12 to the amount determined under STEP FIVE of the following formula:

13 STEP ONE: Determine the amount of property taxes that the
 14 taxpayer paid after December 31, 2003, in the taxable year for
 15 property taxes imposed for the March 1, 2002, assessment date
 16 and the January 15, 2003, assessment date.

17 STEP TWO: Determine the amount of property taxes that the
 18 taxpayer paid in the taxable year for the March 1, 2003,
 19 assessment date and the January 15, 2004, assessment date.

20 STEP THREE: Determine the result of the STEP ONE amount
 21 divided by the STEP TWO amount.

22 STEP FOUR: Multiply the STEP THREE amount by two
 23 thousand five hundred dollars (\$2,500).

24 STEP FIVE: Determine the sum of the STEP FOUR amount and
 25 two thousand five hundred dollars (\$2,500).

26 SECTION 3. IC 6-3.1-31 IS ADDED TO THE INDIANA CODE
 27 AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE
 28 JANUARY 1, 2008]:

29 **Chapter 31. Employee Training Credit**

30 **Sec. 1. (a) As used in this chapter, "employee" means an**
 31 **individual who:**

32 **(1) is continuously employed for at least sixteen (16)**
 33 **consecutive weeks during a taxable year; and**

34 **(2) either:**

35 **(A) is employed for consideration for at least thirty-five**
 36 **(35) hours each week; or**

37 **(B) renders any other standard of service specified by**
 38 **contract or generally accepted by custom as full-time**
 39 **employment.**

40 **(b) The term "employee" does not include an individual who has**
 41 **a direct or an indirect ownership interest of at least five percent**
 42 **(5%) in the profits, capital, or value of the employer, as determined**

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in accordance with Section 1563 of the Internal Revenue Code and regulations prescribed under that Section.

Sec. 2. (a) As used in this chapter, "employer" means a taxpayer that employs an employee and incurs qualified training expenses to train the employee.

(b) The term "employer" does not include a taxpayer that:

- (1) is a nonprofit corporation;
- (2) is an educational institution; or
- (3) requires a gaming license or permit to operate under IC 4-31-5 or IC 4-33-6.

Sec. 3. (a) As used in this chapter, "qualified training expenses" means expenses that:

- (1) are part of a training program that has been certified by the department of workforce development;
- (2) are paid by the employer;
- (3) are for the training of employees employed in Indiana;
- (4) exceed the average annual per employee expenditure of the employer over the three (3) preceding taxable years for training expenses equivalent to those included in the employer's application for a credit under this chapter; and
- (5) are determined to be eligible as qualified training expenses by the department of state revenue and approved by the department of workforce development under section 9 of this chapter.

(b) Qualified training expenses include:

- (1) tuition and fees;
- (2) wages paid to an instructor; and
- (3) materials, supplies, and textbooks.

Sec. 4. As used in this chapter, "state tax liability" means a taxpayer's total tax liability that is incurred under:

- (1) IC 6-2.5 (state gross retail and use tax);
- (2) IC 6-3 (the adjusted gross income tax);
- (3) IC 6-5.5 (the financial institutions tax); and
- (4) IC 27-1-18-2 (the insurance premiums tax);

as computed after the application of the credits that under IC 6-3.1-1-2 are to be applied before the credit provided by this chapter.

Sec. 5. As used in this chapter, "taxpayer" means a person, a corporation, a partnership, a limited liability corporation, a limited liability partnership, or any other entity that has any state tax liability.

Sec. 6. (a) Subject to section 10 of this chapter, a taxpayer is

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entitled to a credit against the taxpayer's state tax liability for a taxable year if the taxpayer incurs and pays qualified training expenses in the taxable year.

(b) The amount of the credit to which a taxpayer is entitled equals the product of forty percent (40%) multiplied by the qualified training expenses paid by the taxpayer during the taxable year. However, the credit amount claimed for a taxable year may not exceed the least of:

(1) one hundred ten percent (110%) of the taxpayer's estimated qualified training expenses for the taxable year, as indicated in the certified training program under section 8(c)(5) of this chapter;

(2) one hundred thousand dollars (\$100,000); or

(3) the taxpayer's state tax liability for the taxable year.

Sec. 7. (a) If:

(1) the amount certified under section 8 of this chapter by the department of workforce development for a taxpayer in a taxable year exceeds the amount determined for the taxpayer under section 6(b) of this chapter; and

(2) the taxpayer has an operating loss during the taxable year in which the credit is claimed;

the taxpayer may carry the excess credit over to the following taxable years. The amount of the credit carryover from a taxable year is reduced to the extent that the taxpayer uses the carryover to obtain a credit under this chapter for any subsequent taxable year.

(b) A taxpayer is not entitled to a carryback or refund of any unused credit.

Sec. 8. (a) To be entitled to a credit under this chapter, a taxpayer must:

(1) submit an application for certification of a proposed training program to the department of workforce development; and

(2) receive the approval and certification for the proposed training program from the department of workforce development.

(b) The department of workforce development shall certify a proposed training program to the extent that the program is consistent with this chapter and the rules adopted by the department of workforce development under section 12 of this chapter.

(c) A training program certified under subsection (a) must

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1 include the following:

- 2 (1) A detailed description of the training to be provided.
- 3 Training must be for an occupation that is high wage, high
- 4 demand, and high skill, all as determined by the department
- 5 of workforce development.
- 6 (2) A description of the employee position that receives the
- 7 training.
- 8 (3) An estimate of the number of employees to receive the
- 9 training.
- 10 (4) A statement of the benefit of the training to the employee.
- 11 (5) An estimate of the qualified training expenses the
- 12 employer expects to claim for the taxable year.

13 Sec. 9. (a) To receive the credit provided by this chapter, a
 14 taxpayer must claim the credit on the taxpayer's state tax return
 15 or returns in the manner prescribed by the department of state
 16 revenue. The taxpayer shall submit to the department of state
 17 revenue:

- 18 (1) the certification of the training program by the
- 19 department of workforce development under section 8 of this
- 20 chapter;
- 21 (2) proof of payment of the qualified training expenses
- 22 claimed;
- 23 (3) proof of completion of the qualified training program; and
- 24 (4) all information that the department of state revenue
- 25 determines is necessary to:
- 26 (A) calculate the credit provided by this chapter; or
- 27 (B) determine whether a claimed expense is a qualified
- 28 training expense. The department of workforce
- 29 development shall review a determination under this
- 30 clause.

31 (b) Expenses ineligible to be determined as qualified training
 32 expenses under subsection (a)(4)(B) include the following:

- 33 (1) Wages paid to the employee being trained.
- 34 (2) Expenses associated with new employee orientation.
- 35 (3) Expenses associated with training related to employer
- 36 policies.
- 37 (4) Expenses associated with training on safety procedures.
- 38 (5) The cost of any equipment, machinery, or capital asset.
- 39 (6) The cost of any construction or improvement.
- 40 (7) Travel expenses.
- 41 (8) Expenses paid with noncompany reimbursable training
- 42 funds.

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(9) Any other expense determined ineligible by the department of state revenue.

Sec. 10. (a) The total amount of tax credits allowed under this chapter for all taxpayers in a state fiscal year may not exceed eighteen million dollars (\$18,000,000).

(b) The department of workforce development shall record the time of filing of each application under section 8(a)(1) of this chapter. The department of workforce development shall certify programs that satisfy the requirements of this chapter in the chronological order in which the applications are filed.

(c) The department of workforce development may approve an application for certification of a proposed training program filed after the total of the estimated qualified training expenses as indicated in certified training programs under this chapter equals the maximum amount allowable in a state fiscal year. However, if:

(1) an employer for which a training program has been certified fails to file information required under section 9 of this chapter;

(2) the actual qualified training expenses of an employer for which a training program has been certified are less than the total of estimated qualified training expenses as indicated in the certified training program; or

(3) for any other reason the maximum amount allowable in a state fiscal year under subsection (a) is not fully used;

the unused amount set aside or remaining available to be approved as a credit may be allowed to an employer whose training program was certified after the total of estimated qualified training expenses as indicated in certified training programs under this chapter equals the maximum amount allowable in a state fiscal year. In addition, the department of workforce development may, if the applicant requests, approve an application for certification of all or part of a proposed training program for the succeeding state fiscal year.

Sec. 11. (a) On or before March 31 of each year, the department of workforce development shall submit a report to the department of state revenue on the programs certified under this chapter. The report must include:

(1) the number of taxpayers who received credits certified under this chapter during the preceding calendar year;

(2) the types of training programs certified;

(3) an analysis of the benefit of the programs certified; and

(4) the sum of the credits awarded under this chapter.

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(b) The report required by subsection (a) is statistical in nature and may not contain information that identifies an employer. A copy of the report shall be submitted in an electronic format under IC 5-14-6 to the executive director of the legislative services agency for distribution to the members of the general assembly.

(c) All information submitted by an employer under this chapter is confidential.

Sec. 12. The department of workforce development shall adopt rules under IC 4-22-2 necessary to implement this chapter. The rules may provide for recipients of tax credits under this chapter to be charged fees to cover administrative costs of the tax credit program. Fees described in this section shall be deposited in the department of workforce development general fund.

Sec. 13. This chapter expires December 31, 2009.

SECTION 4. IC 22-4-14-2, AS AMENDED BY P.L.108-2006, SECTION 25, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]: Sec. 2. (a) An unemployed individual is eligible to receive benefits with respect to any week only if the individual has:

- (1) registered for work at an employment office or branch thereof or other agency designated by the commissioner within the time limits that the department by rule adopts; ~~and~~
- (2) subsequently reported with the frequency and in the manner, either in person or in writing, that the department by rule adopts; **and**

(3) complied with IC 22-4.1-17.

(b) Failure to comply with subsection (a) shall be excused by the commissioner or the commissioner's authorized representative upon a showing of good cause therefor. The department shall by rule waive or alter the requirements of this section as to such types of cases or situations with respect to which the department finds that compliance with such requirements would be oppressive or would be inconsistent with the purposes of this article.

(c) The department shall provide job counseling or training to an individual who remains unemployed for at least four (4) weeks. The manner and duration of the counseling shall be determined by the department.

(d) An individual who is receiving benefits as determined under IC 22-4-15-1(c)(8) is entitled to complete the reporting, counseling, or training that must be conducted in person at a one stop center selected by the individual. The department shall advise an eligible individual that this option is available.

SECTION 5. IC 22-4.1-17 IS ADDED TO THE INDIANA CODE

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AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JULY 1, 2007]:

Chapter 17. Workforce Skill Advancement Project

Sec. 1. As used in this chapter, "project" refers to the workforce skill advancement project established by section 4 of this chapter.

Sec. 2. As used in this chapter, "regional workforce board" has the meaning set forth in IC 22-4.5-2-9.7.

Sec. 3. As used in this chapter, "work keys" means a three (3) stage standardized employability skills assessment tool implemented by the department.

Sec. 4. (a) The workforce skill advancement project is established.

(b) The department shall administer the project.

(c) The project includes the following components:

(1) Participation in an orientation to the one stop system and one stop partners. The orientation must include information about available jobs and the skills, certifications, and training necessary to qualify for the jobs.

(2) Completion of the work keys skills assessments for:

(A) reading for information;

(B) applied mathematics; and

(C) locating information.

Sec. 5. (a) Except as provided in section 7 of this chapter, an individual who applies for unemployment insurance shall participate in the project.

(b) An individual who applies for unemployment insurance and wants to work in the occupational area in which the individual was employed shall participate in a work keys skills assessment for the occupational area. The individual shall participate in a skill remediation component for each occupational area in which the individual's skill levels are deficient, as determined by the work keys skills assessment.

(c) An individual who applies for unemployment insurance and wants to work in a different occupational area than the area in which the individual was employed shall participate in a work keys skills assessment for the new occupational area. The individual shall participate in a skill remediation component for each occupational area in which the individual's skill levels are deficient, as determined by the work keys skills assessment.

Sec. 6. (a) Each regional workforce board, together with local elected officials, shall develop a plan of short term training options, not to exceed six (6) weeks in length, and placement assistance to

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provide to individuals who apply for unemployment insurance. To the extent possible, a regional workforce board shall use existing remediation software and adult education programs for skill remediation under this chapter.

(b) An individual may receive short term training in one (1) or more of the following areas:

- (1) Basic reading, writing, and math skills.
- (2) Certified nursing assistant training.
- (3) Computer skills, including computer literacy, Internet, and web page development.
- (4) Network certifications.
- (5) Statistical process control.
- (6) Lean manufacturing.
- (7) On-the-job training.
- (8) OSHA certification.
- (9) Blueprint reading.
- (10) Math for the trades.
- (11) Exporting skills.
- (12) Entrepreneurial classes.
- (13) Materials handling classes.
- (14) Welding.
- (15) Any other area approved by the regional workforce board.

Sec. 7. (a) For purposes of this section, an individual is job attached if the individual:

- (1) expects to be recalled to a job within twelve (12) weeks of becoming dislocated; and
- (2) is not required to contact other employers or register for work until after the expiration of twelve (12) weeks;

as confirmed by the department with the individual's employer.

(b) An individual who:

- (1) applies for unemployment insurance; and
- (2) is not job attached;

shall participate in the project unless the individual is exempt under subsection (c).

(c) A regional workforce board may exempt an individual described in subsection (b) from participation if participation poses a hardship to the individual, as determined by the regional workforce board. A hardship may include the following:

- (1) There is a lack of training provided within a reasonable distance from the individual.
- (2) The individual has already been assessed and remediated.

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(3) The individual possesses basic work skills that the regional workforce board determines are in demand.

(4) There are insufficient funds to provide training.

(d) An individual who is:

(1) job attached; and

(2) temporarily laid off;

may participate in the project at the discretion of the regional workforce board.

Sec. 8. An individual may appeal a ruling of a regional workforce board. The regional workforce board shall hear an appeal under this section.

Sec. 9. (a) An individual who is required to participate in the project, but fails to begin participation, is ineligible for payment of unemployment insurance.

(b) The department may deny all or part of an individual's unemployment compensation if the individual begins participation in the project at the discretion of the regional workforce board, but fails to complete participation.

(c) If the department denies all or part of an individual's unemployment compensation under this section, the department shall promptly furnish the individual with a written notice of the denial. The notice must include a written statement citing the specific reason or reasons for the denial. Unless the individual, within ten (10) days after the notice of denial was mailed to the individual's last known address or otherwise delivered to the individual, requests a hearing before an administrative law judge, the determination is final and benefits shall be paid or denied in accordance with that determination.

Sec. 10. The department shall fund the project with set asides from the existing funds available from the following sources:

(1) Wagner-Peyser Act (29 U.S.C. 49 et seq.).

(2) Workforce Investment Act (29 U.S.C. 2801 et seq.).

(3) Skills 2016 training fund established by IC 5-28-27-3.

The general assembly shall determine the amount of funding from each source.

Sec. 11. (a) Not later than June 1 of each year, each regional workforce board shall report to the department in an electronic format on the status of the regional workforce board's programs under this chapter.

(b) Not later than July 1 of each year, the department shall compile the reports submitted under subsection (a) and submit the compilation in an electronic format under IC 5-14-6 to the general

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1 assembly.
 2 Sec. 12. The department may adopt rules under IC 4-22-2 to
 3 fulfill its duties and obligations under this chapter.
 4 SECTION 6. [EFFECTIVE JULY 1, 2007] (a) IC 6-3-1-3.5, as
 5 amended by this act, applies to taxable years beginning after
 6 December 31, 2007.
 7 (b) IC 6-3.1-31, as added by this act, applies to taxable years
 8 beginning after December 31, 2007.

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